

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

SONTERRA CAPITAL MASTER FUND, LTD., on
behalf of itself and all others similarly situated,

Plaintiff,

- against -

BARCLAYS BANK PLC, BARCLAYS CAPITAL
INC., COÖPERATIEVE CENTRALE
RAIFFEISEN-BOERENLEENBANK B.A.,
DEUTSCHE BANK AG, LLOYDS BANKING
GROUP PLC, THE ROYAL BANK OF
SCOTLAND PLC, UBS AG, AND JOHN DOE
NOS. 1-50,

Defendants.

Docket No. 15-cv-3538 (VSB)

ECF Case

DECLARATION OF KEVIN P. McKENDRY

KEVIN P. McKENDRY declares as follows pursuant to 28 U.S.C. § 1746:

1. I am the Chief Legal Officer, North America of Lloyds Bank plc, formerly known as Lloyds TSB Bank plc ("Lloyds Bank") and of Bank of Scotland plc ("Bank of Scotland"). I am authorized to make this declaration on behalf of defendant Lloyds Banking Group plc ("LBG"), and submit this declaration in support of its motion, pursuant to Rule 12(b)(2) of the Federal Rules of Civil Procedure, to dismiss the amended complaint in the above-captioned action against LBG for lack of personal jurisdiction. The facts stated herein are true based on my own personal knowledge and my review of records maintained in the regular course of business by LBG or its subsidiaries.

2. Defendant LBG is, and at all relevant times since its formation has been, a corporation organized and existing under the laws of Scotland. The registered office of LBG is

located at The Mound, Edinburgh EH1 1YZ, Scotland (company registration number SC95000) and its principal place of business is in the United Kingdom. Prior to January 2009, LBG was known as Lloyds TSB Group plc (“LTSB Group”). In January 2009, substantially simultaneously with its acquisition of 100% of the ordinary shares of HBOS plc (“HBOS”, a company of which Bank of Scotland is a direct, wholly-owned subsidiary), LTSB Group changed its name to LBG. LBG is a holding company for companies engaged in the banking and insurance businesses. The Government of the United Kingdom, through Her Majesty’s Treasury, currently owns fewer than 10% of the ordinary shares of LBG’s stock.

3. LBG’s subsidiary Lloyds Bank is, and at all relevant times has been, a corporation organized and existing under the laws of England and Wales with its principal place of business in the United Kingdom. HBOS is a wholly owned subsidiary of Lloyds Bank; it was acquired by Lloyds Bank from LBG on January 1, 2010. HBOS is, and at all relevant times has been, a corporation organized and existing under the laws of Scotland, with its registered office located at The Mound, Edinburgh EH1 1YZ, Scotland (company registration number SC218813) and its principal place of business in the United Kingdom. HBOS is a holding company for its subsidiaries, including Bank of Scotland.

4. The principal regulators of LBG, Lloyds Bank, HBOS, and Bank of Scotland are the Prudential Regulation Authority and the Financial Conduct Authority, both of the United Kingdom.

5. The business of LBG and its subsidiaries—including Lloyds Bank, HBOS, and Bank of Scotland—is overwhelmingly centered in the United Kingdom. For example, according to its 2014 Annual Report, available at http://www.lloydsbankinggroup.com/globalassets/documents/investors/2014/2014_lbg_annual_report.pdf, LBG “is a leading provider of financial

services to individual and business customers in the UK” and LBG’s subsidiaries operate the “largest branch network in the UK.” *See* 2014 Annual Report, at “Contents” page, unnumbered. As such, LBG describes itself as a “UK centric retail and commercial bank.” *Id.* at 10. LBG subsidiaries operate more than 2,200 bank branches across the United Kingdom. *Id.* at 2. In contrast, there are only two branches and two representative offices of LBG subsidiary banks in the United States. In particular, each of Lloyds Bank and Bank of Scotland has one branch in New York (housed at a common location) and Bank of Scotland has representative offices in each of Chicago and Houston. Neither LBG nor HBOS maintains any offices in the United States. *See* 2014 Form 20-F at 191, available at http://www.lloydsbankinggroup.com/globalassets/documents/investors/2014/2014_lbg_form_20f.pdf.

6. Because the business of LBG and its subsidiaries is so heavily centered in the United Kingdom, LBG does not present in its annual report segment analysis by geography. *See* 2014 Annual Report at 206 (“Following the continuing reduction in the Group’s non-UK activities, an analysis between UK and non-UK activities is no longer provided.”). In 2012, the last year for which LBG presented this data, approximately 89% of its total assets were in the United Kingdom and over 94% of its total income was earned there. *See* 2012 Annual Report at 234, available at http://www.lloydsbankinggroup.com/globalassets/documents/investors/2012/2012_lbg_randa_interactive.pdf. In none of the past five years has any country other than the United Kingdom contributed more than 5% of either total assets or income of LBG and its subsidiaries. The total combined assets of the United States operations of LBG and its subsidiaries amount to less than 2% of their total worldwide assets. *See* Federal Reserve Form Y-7Q (“The Capital and Asset Report for Foreign Banking Organizations”) for the fiscal quarter

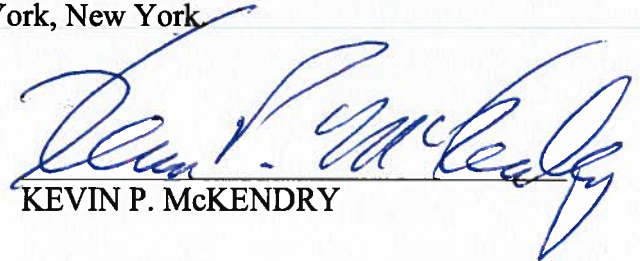
ending June 30, 2015, dated September 28, 2015, on file with the Federal Reserve Bank of New York.

7. As reported in LBG's 2014 Form 20-F, as of December 31, 2014, LBG and its subsidiaries employed nearly 85,000 people, calculated on a full-time equivalent ("FTE") basis, worldwide; 99% of them (i.e., all but 795) are based in the UK. *See* 2014 Form 20-F at 136–37. As of October 30, 2015, only 332 people in the United States, calculated on an FTE basis, were employed by LBG subsidiaries. That represents approximately 4/10 of one percent of the total number of LBG employees worldwide.

8. During the period relevant to the above-captioned action, LBG itself was never a member of the panel of banks making submissions of British Bankers Association Sterling ("Sterling" or "GBP") London Interbank Offered Rates ("LIBOR")—*i.e.* the BBA's Sterling LIBOR Contributor Panel. Rather, its subsidiary Lloyds Bank was a member throughout the alleged Class Period, and as noted above, in January 2009 LTSB Group (now known as LBG) acquired HBOS, which also had a subsidiary that was a member of the Sterling Contributor Panel (and remained a member of that panel until February 6, 2009). All of the individuals who made, or had input into the making of, the Sterling LIBOR submissions on behalf of Lloyds Bank, HBOS, or their affiliates were then employed in the United Kingdom, and those submissions were made from London. At no time did any U.S.-based employees make or have any input into the Sterling LIBOR submissions (or LIBOR submissions in any other currency) of Lloyds Bank, HBOS or their affiliates. Neither the New York branches of Lloyds Bank and Bank of Scotland nor any other U.S.-based office of any entity that is or was a direct or indirect subsidiary of LBG has, or at any relevant time had, any responsibility for determining or making Sterling LIBOR submissions.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 12, 2015, at New York, New York



KEVIN P. McKENDRY